

APPROVED
MINUTES OF THE REGULAR MEETING OF THE
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY

Wednesday, February 1, 2006

2-A

The meeting convened at 7:43 p.m. with Chair Johnson presiding.

1. ROLL CALL

Present: Beverly Johnson, Chair of Alameda
Tony Daysog, Boardmember, City of Alameda
Doug deHaan, Boardmember, City of Alameda
Frank Matarrese, Boardmember, City of Alameda
Marie Gilmore, Boardmember, City of Alameda

2. CONSENT CALENDAR

2-A. Approval of the minutes of the Regular Meeting of January 4, 2006.

2-B. Recommendation to Approve Policy Regarding Hiring Procedures for Special Legal Counsel; Resolution Amending Resolution No. 002 Regarding the Powers and Authority of the General Counsel.

Terri Highsmith, Assistant City Attorney, pointed out that the only difference between the City Council policy and the ARRA policy is the unlawful detainer policy.

Approval of 2-A was motioned by Member Gilmore, seconded by Member Matarrese and passed by the following voice vote: Ayes – 5; Noes – 0; Abstentions – 0.

Member Gilmore motioned for approval of 2-B as written, with the caveats to receive a written report on unlawful detainers and revisit the policy in 6 months. The motion was seconded by Member deHaan and passed by the following voice vote: Ayes – 5; Noes -0; Abstentions – 0

3. REGULAR AGENDA ITEMS

3-A. Presentation of the Final Preliminary Development Concept (PDC).

Andrew Thomas, Supervising Planner, requested formal acceptance of the PDC. Acceptance of the PDC represents an important step in completing some obligations made in ARRA's agreement with the selected master developer, APCP: complete a plan with the help of the Alameda community to identify the development opportunities at Alameda Point and the key tradeoffs and challenges.

As described in the plan, the PDC does not represent the FINAL development plan for Alameda Point. It is a planning study with the basic message that to get through an entitlement process and a planning process, and to actually see implementation will require some tough compromises and decisions that have not yet been made. The PDC clarifies that when the important decisions are made, all the necessary information will be available to the public and to ARRA. Important issues are emphasized in the Next Steps chapter. The plan for the redevelopment of Alameda Point will continue to evolve as we move through the entitlement process.

Member Daysog thanked staff for the memo provided by Darin Smith of Economic Planning Systems (EPS) detailing the assumptions. He requested further sources, methodologies and assumptions regarding information in Table 3 and in Table 4 – property taxes, assumptions in terms of housing values, industrial and commercial, property transfer taxes. Member Daysog explained that this information would be helpful for future generations of Alamedans to track the fiscal health of this project.

There were several speakers on this item:

Birgitt Evans – represents the Alameda Architecture Preservation Society (AAPS). Thanked staff and Andrew Thomas for the PDC. Discussed concerns with removal of two seaplane lagoon hangars (Bldgs. 11 & 12). Recommended construction of height-limited buildings to preserve vista for future generations.

Elizabeth Krase, AAPS – thanked Andrew Thomas. Discussed concerns regarding the timetable for the Preservation and Adaptive Reuse Studies, and the potential loss of the BOQ, Big Whites, etc.

Joan Konrad – discussed importance of examining Measure A non-compliant alternative plan for Alameda Point redevelopment and safe and easy walking distance to destinations – schools, work and shopping.

Diane Lichtenstein – concerns about the constraints of Measure A. Reiterated that the PDC is only a draft and wanted to emphasize the flexibility of the plans.

Helen Sause – commended Staff and the City on the PDC, stating that the public input has been valuable. Discussed priority to see the development without restrictions of Measure A. Urged ARRA to keep flexibility in development of the PDC and keep the alternative plan that would permit AP to be developed in accordance with good planning principles.

Chair Johnson closed the public comment portion of this item.

Chair and Boardmembers thanked Andrew Thomas and the staff for the PDC. Member Gilmore was particularly pleased with staff's response to public input and the Board's comments about the Next Steps chapter. She emphasized that what's outlined in the Next Steps chapter gets accomplished, yet not to tie ourselves down to a specific timeline, particularly since we don't yet have the property. Chair Johnson agreed, stating that it was surprising how many residents don't

know that ARRA does not own the property yet. Member Matarrese repeated the notion of ensuring ample time for dealing with Historic properties, having advanced notice for ARRA, Planning, and the public – to understand what’s ahead.

Member Daysog motioned for approval of this item. The motion was seconded by Member deHaan and passed by the following voice vote: Ayes – 5: Noes – 0; Abstentions – 0

3-B. Recommendation to Approve a 20-year Lease with the Department of Transportation Maritime Administration (MARAD).

Nanette Banks, Finance and Administration Manager of DSD, presented the Board with the lease, gave an overview of MARAD, a tenant on the base since 1997, and explained that the lease negotiations have been going on since May 2002. The lease being presented included two components: the lease combines the MARAD warehouse and pier uses.

In addition to generating, under this new lease, a proposed \$1.8 M in the first two years with 3% increases, MARAD is the largest electricity user in Alameda and responsible corporate citizens. They’ve already spent \$1M on dredging, an ARRA obligation, but MARAD put the money up front. Chair Johnson discussed security fencing, possibilities of reconfiguring least intrusive manner.

Member deHaan asked whether MARAD discussed possibilities of shouldering relocation of Hornet and the different scenarios regarding the Hornet’s location. Ms Banks replied that MARAD couldn’t make an initial investment and it is an obligation of ARRA, but that the 3% increase in rent should pay for whatever decision is made. Member deHaan stated that MARAD should strive to find dollars to relocate the Hornet, since it’s to their benefit. Chair Johnson suggested that MARAD may have better access to homeland security money.

Under the new lease, gross lease revenue for the first 2 years is 1.8M per year. Net is \$800,000 to ARRA . Chair Johnson requested a copy of pro forma. She also emphasized an important attachment – Exhibit H – which outlines ARRA’s obligations under the lease. Ms. Banks explained that those obligations were negotiated down from the standard lease.

Member deHaan stated that MARAD is one of the best tenants at Alameda Point, but is concerned about the 20 year cost to maintain the operation, and that they’re not an asset for the ambience of the development. Member Matarrese doesn’t have a problem with MARAD being here, recognizing that it’s a multiple-use development; there is some industrial and commercial use.

Chair Johnson expressed concern about a provision, in the MARAD lease, relating to Trident. She questioned why they were intertwined, and why there is not separate, employer liability insurance.

Terri Highsmith, Assistant City Attorney, explained that insurance is something that MARAD and the Federal government can’t get and it’s in our interest to have this insurance in place.

Mike Hampen, PM Realty Group, further explained that liability insurance of piers is required whether there is a port manager or not. Ms. Banks said that the reference to Trident will be removed, as there is no reference in naming the port manager in the agreement.

Member Matarrese requested an analysis on the risk assessment and liability of lease, stating that staff and the City Attorney are being paid to review leases and contracts, not the responsibility of the ARRA Board (to review leases, etc.). He recommended bringing this item back and the need to keep MARAD as a tenant, to see the Navy in legacy.

Chair Johnson agreed with Member Matarrese's request, stating she'd like a better definition of what the potential expenses and risks are. She stated that MARAD is an excellent tenant, and we don't want to lose them; we just need to understand the lease better. She also requested that the Trident provision be completely separate and not included in the MARAD lease.

Member Gilmore expressed concern about the lease not being included in the packet for review. She prefers to receive copies of complex documents and decide how deeply to look at the documents or how much to rely on the staff report. Chair Johnson recommended that, at the least, significant attachments (like Attachment H, etc.) be summarized in the staff report, or be included in the package.

Without a formal motion, all members agreed to continue this item to the March 1, 2006 ARRA meeting with a request for a more detailed analysis of the ARRA's risk assessment and obligations under the MARAD lease.

4. ORAL REPORTS

4-A. Oral report from Member Matarrese, RAB representative.

Member Matarrese gave an overview of the Jan 5th meeting: The major item on the agenda was the Petroleum Hydrocarbon Program update, highlighting the status and technical explanations of the remediation taking place on sites spread across Phase 1 and several in Phase 3. He stated that there was an amazing mass of contaminants being removed: jet fuel, gasoline, etc. The next RAB meeting is Thursday, Feb 9.

5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)

There were no speaker slips.

6. COMMUNICATIONS FROM THE GOVERNING BODY

Member deHaan requested an update on the Tinker Ave. / Webster St. exchange, stating that it is key to fully developing FISC.

Member Matarrese reiterated the Dec. 2004 ARRA-approved intent of requesting all ARRA leases (and licenses) come to ARRA, so they know what the arrangements are with tenants on the property and to maintain their responsibility to the LIFOC.

Chair Johnson requested an update on the Hornet. Leslie Little, Development Services Director, informed the Board that there is no lease negotiations ongoing at the time, and there has not been an existing lease with the Hornet for 2 years. Ms. Little will provide a report to the Board at the next meeting. Ms. Little reiterated that updates are provided to the ARRA in monthly financial reports.

7. ADJOURNMENT

Meeting was adjourned at 9:23 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Irma Glidden".

Irma Glidden
ARRA Secretary